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Prepared by Dottie Jones_____

Approved by _____

Resolution by the Board of Commissioners of Shelby County, Tennessee requesting the members of the Tennessee General Assembly support legislation amending Tennessee Code Annotated, Title 45, Chapter 15 relative to the Tennessee Title Pledge Act. Sponsored by Commissioner Steve Mulroy.

WHEREAS, a report released by the Tennessee Department of Financial Institutions on February 1, 2006 reveals that Tennessee’s title lending industry has taken thousands of borrowers’ cars after charging borrowers sky-high rates; and

WHEREAS, Tennessee has approximately 900 title loan locations; and

WHEREAS, Tennessee title pledge lenders reported 17,313 repossessions related to the title loan business in 2004; and

WHEREAS, some Tennessee lenders charge as much as 30% per month for title loans, more than the 22% per month allowed by Tennessee law; and

WHEREAS, over one quarter of the title lenders surveyed charge unauthorized fees including late fees, additional interest, lien recording fees, repossession fees, application fees, renewal fees, trip charges, and storage fees, in addition to the interest and fees allowed by law; and

WHEREAS, the “Tennessee Title Pledge Act” will be amended to reduce the rates that auto title lenders are allowed to charge by limiting the imposition of fees to a one-time fee of not more than 20% of the loan amount; and

WHEREAS, passage of this legislation would make other needed changes to the regulations that govern the industry; and

WHEREAS, the Board of Commissioners of Shelby County, Tennessee has reviewed this issue, and believes that it is appropriate that a resolution be passed setting forth the said Board’s support of legislation to address this matter.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SHELBY COUNTY, TENNESSEE, that this Board, after careful consideration hereby requests the Shelby County Legislative Delegation and members of the Tennessee General Assembly enact legislation amending Tennessee Code Annotated, Title 45, Chapter 15, a copy of which is attached hereto and incorporated herein by reference, relative to the Tennessee Title Pledge Act.

BE IT FURTHER RESOLVED, that the Shelby County Legislative Delegation and members of the Tennessee General Assembly be made aware of this request by copy of this resolution.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, the public welfare requiring the same.

A C Wharton, Mayor

Date: _____

ATTEST:

Clerk of County Commission

ADOPTED: _____

SUMMARY SHEET

I. Description of Item

Resolution in support of legislation to amend Tennessee Code Annotated, Title 45, Chapter 15, Section 1, relative to title pledges.

The Tennessee Title Pledge Act, Tennessee Code Annotated Title 45, Chapter 15, Section 1, is expected to be amended in the Tennessee General Assembly. The proposed legislation would dramatically reduce the rates that auto title lenders are allowed to charge by limiting the imposition of fees associated with the making of a title pledge loan to a one-time fee of not more than 20% of the loan amount. It would require that monthly payments on any such loan reduce the principal loan balance by at least 10% after two renewals, without exception. It would create an explicit private right of action for violations of the act, with an expanded statute of limitations, treble damages, punitive damages, a minimum statutory penalty of \$2,000, attorney's fees, and costs. It would make information furnished to the Department of Financial Institutions by title pledge lenders available to the public and provide for notice and right to participate in a license revocation hearing to anyone who has made a complaint about a title pledge lender.

II. Source and Amount of Funding

Not applicable.

III. Contract Items

Not applicable.

IV. Additional Information Relevant to Approval of this Item

Also attached is a copy of the text of proposed legislation.